

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

RECEIVED

MAY 26 1998

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

In the Matter of

Program to Monitor Impacts of  
Universal Service Support  
Mechanisms

)  
)  
)  
)  
)  
)

CC Docket No. 96-45

CCB-IAD File No. 98-101

**COMMENTS OF THE COMMONWEALTH OF THE  
NORTHERN MARIANA ISLANDS**

The Commonwealth of the Northern Mariana Islands (Commonwealth), by its attorney and pursuant to the Commission's Public Notice released Apr. 24, 1998,<sup>1</sup> hereby provides its comments on the Commission's proposed Universal Service Monitoring Program. Given the Monitoring Program's importance, the Commonwealth urges the Commission to ensure that the Program encompasses the Commonwealth to the same extent as it does the more populous U.S. states.

The Commission has clearly concluded that the Commonwealth and other insular areas are eligible for the support programs established in the Universal Service Order.<sup>2</sup> Section

<sup>1</sup> Common Carrier Bureau Seeks Comment on Program to Monitor Impacts of Universal Service Support Mechanisms, CC Dkt. No. 96-45, CCB-IAD File No. 98-101, DA 98-580, Public Notice (April 24, 1998)(Public Notice).

<sup>2</sup> In Re Federal-State Joint Board on Universal Service, Report and Order, 12 FCC Rcd 8776, ¶ 414 (1997)(appeal pending)(Report and Order). The Commission has found that the Commonwealth "is a state for purposes of domestic telecommunications regulation [footnote omitted]." In Re Regulatory Treatment of LEC Provision of Interexchange Services Originating in the LEC's Local Exchange Area and Policies and Rules Concerning the Interstate, Interexchange Marketplace, Second Report and Order in CC Dkt No. 96-149 and Third Report and Order in CC Dkt. No. 96-61, 12 FCC Rcd 15756, ¶ 174 (1997).

254(b)(3) of the Telecommunications Act of 1996 (1996 Act), as amended, establishes the principle that consumers in insular areas should have access to telecommunications and information services that are "reasonably comparable" to services provided in urban areas and available at rates that are "reasonably comparable" to rates charged for similar services in urban areas.<sup>3</sup> According to the Commission, "Congress intended for the Joint Board and the Commission to consider consumers in insular areas, such as the Pacific Island territories, when developing support mechanisms for consumer access to telecommunications and information services."<sup>4</sup>

The Commission's Monitoring Program represents a means by which to track the implementation of Universal Service, including where its benefits are being received geographically. Moreover, the Commission has recognized that "the Monitoring Reports have been widely used by the public, state commissions and industry because they provided comprehensive and consistent information on local exchange carriers in all states."<sup>5</sup> As such, important policy making as well as private investment decisions are based on the reports which the Monitoring Program generates.

According to the Commission, the new Monitoring Program will "retain most of the structure and content of our existing reports...."<sup>6</sup> Unfortunately, although the existing reports include complete data on each of the fifty states, they present only piecemeal and incomplete

---

<sup>3</sup> Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56-161 (1996)(codified at 47 U.S.C. §§ 151-710 (1996))(1996 Act).

<sup>4</sup> Report and Order at ¶ 411 (footnote omitted).

<sup>5</sup> Public Notice at 3.

<sup>6</sup> Id. at 4.

data on the Commonwealth and other Pacific insular areas. If the Monitoring Program is to comply with Section 254 of the 1996 Act and support accurate policy and investment determinations, it is imperative that it include the same data for the Commonwealth as it does the other states.

Past monitoring reports have contained incomplete data with respect to telephone penetration rates because they simply do not cover the Commonwealth and other Pacific insular areas. The May 1997 Monitoring Report purports to summarize overall United States telephone penetration as well as penetration rates for the individual states.<sup>7</sup> The Commonwealth and other Pacific insular areas, however, are excluded without explanation. Notwithstanding the incompleteness of the Monitoring Report's data, the Commission has recognized the importance of subscribership levels as indicators of whether consumers have "the means to subscribe to universal service and, thus, represent an important tool in evaluating the affordability of rates."<sup>8</sup> The Commission has also recognized that "subscribership levels in insular areas are particularly low."<sup>9</sup> If any U.S. state or territory should be covered in these important figures, it is certainly those with the lowest penetration rate such as the Commonwealth.<sup>10</sup>

In fact, the low subscribership levels in the CNMI and insular areas was so far below the U.S. average that it prompted the Commission to "find that further action is warranted with

---

<sup>7</sup> Monitoring Report, CC Dkt. No. 87-339 (May 1997) at 12-62 (including Tables 1.1, 1.2, 1.3, 1.4 and Charts 1.1, 1.2 and 1.3)(Monitoring Report).

<sup>8</sup> Report and Order at ¶ 112.

<sup>9</sup> Id. at ¶ 121 (footnote omitted).

<sup>10</sup> See id. The Commission has recognized that subscribership levels in the Commonwealth are among the lowest in the nation (noting that telephone subscribership is 66.8% in the Commonwealth according to 1990 Census data). Id.

respect to insular areas."<sup>11</sup> Consequently, the Commission pledged to "issue a Public Notice to solicit further comment on the factors that contribute to the low subscribership levels that currently exist in insular areas, and to examine ways to improve subscribership in these areas."<sup>12</sup> Just over one year has passed since the Commission's Universal Service Order was released and the Commission has yet to issue this Public Notice.

Similarly, the 1997 Monitoring Report includes statistics concerning telephone penetration by income level, race as well as related demographic data.<sup>13</sup> Again, the Commonwealth and Pacific insular areas are excluded without explanation, despite the fact that *per capita* income levels are among the lowest in the Nation in the Commonwealth.<sup>14</sup>

All of the other categories covered in the Monitoring Program are also of substantial importance to the Commonwealth, including support for schools and libraries, support for health care providers, service quality as well as affordability of rates. Thus, the Commonwealth urges the Commission to ensure that the Monitoring Program, consistent with Section 254(b)(3) of the

---

<sup>11</sup> Id. at ¶ 122.

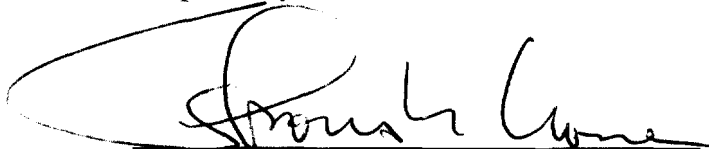
<sup>12</sup> Id. at ¶ 121. See also id. at ¶ 415.

<sup>13</sup> Monitoring Report at Tables 1.5, 1.6, 1.7, 1.8, 1.9, 1.10, 1.15 and Charts 1.4, 1.5, 1.6, 1.7, 1.8 and 1.9).

<sup>14</sup> In 1995, per capita income in the Commonwealth was \$6,984, ranking the Commonwealth the 53rd among the 54 U.S. states, territories and commonwealths. William H. Stewart, "A demographic and Geographic Profile of the Commonwealth of the Northern Mariana Islands," at 1 (Commonwealth Department of Commerce, 1996).

1996 Act, takes into account the Commonwealth to the same extent as it does the other more populous U.S. states in all the categories it covers.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Thomas K. Crowe", written over a horizontal line.

Thomas K. Crowe  
LAW OFFICES OF THOMAS K. CROWE,  
P.C.  
2300 M Street, N.W.  
Suite 800  
Washington, D.C. 20037  
(202) 973-2890

COUNSEL FOR THE COMMONWEALTH  
OF THE NORTHERN MARIANA ISLANDS

May 26, 1998